



# Local Government Conflicts of Interest

## *Public Enterprise Study Committee*

Norma Houston

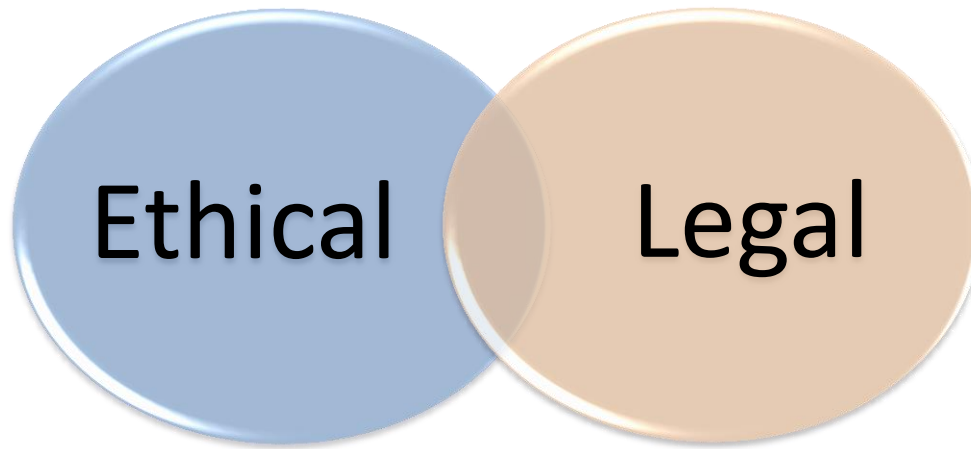
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# Legal vs. Ethical Standards

If people act *legally* are they also acting *ethically*?



If you *can* do it, does that mean you *should* do it?



# What is a Conflict of Interest?



When **personal** interests are in conflict  
with **public** interests

# Conflict of Interest Laws

## *Key Points:*

1. Prohibit benefiting **personally** from public position
2. Ensure decision-making free from **personal favoritism**
3. Focus on conduct of **individuals**, not the body, group, or unit

# Enforcement

## State Elected Officials

- Criminal Penalties (*vacancy created upon conviction of felony*)
- Legislature: each chamber sits in judgment of its own members (*failure to seat, censure, or expulsion*)
- Impeachment (*Council of State & Judiciary*)
- Voters

## Local Elected Officials

- Criminal Penalties (*vacancy created upon conviction of felony*)
- Motion of Censure
- Voters



# CONFLICTS OF INTEREST



# STANDARDS OF CONDUCT



# Ethics Codes/Training Requirements

Apply to governing board members of:

- Cities
- Counties
- Local School Boards
- Unified governments / consolidated city-county
- Sanitary Districts
- Local ABC Boards

# Other Local Boards & Employees

Conflicts of interest standards specified for:

- Public Hospitals & Hospital Authorities
- LME Boards
- Housing Authority board and employees
- Local ABC Boards
- MPO & RPO TACs
- Environmental Health Specialists

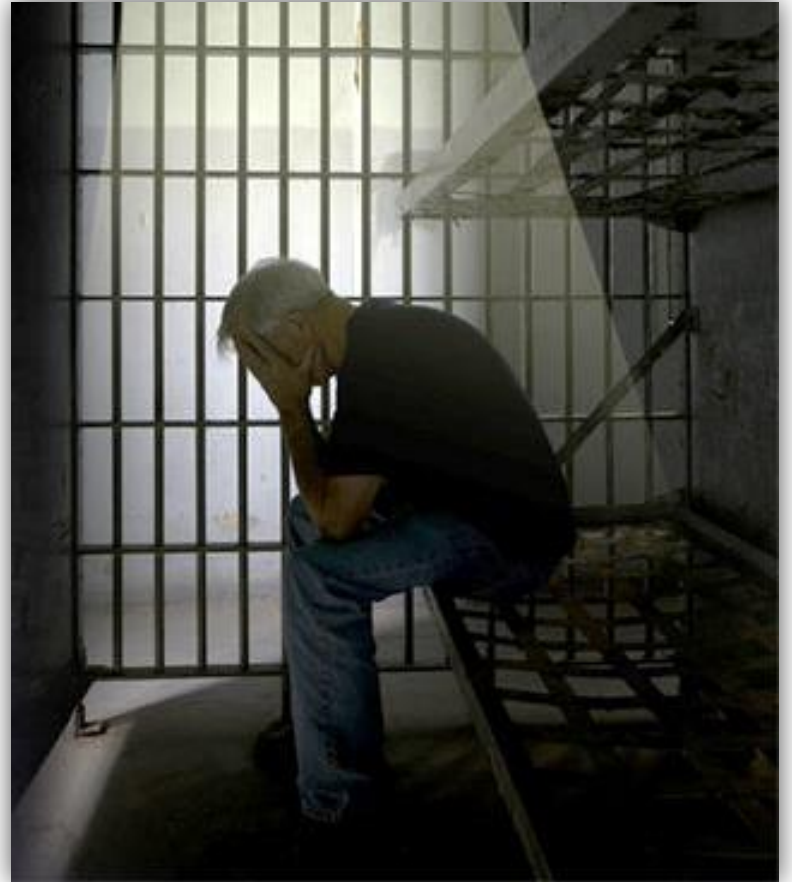


# Voting by City & County Officials

Apply to **city** and **county** governing board members when conflict of interest in voting on a matter before the board:

- Financial interest (*in any matter*)
- Zoning
- Quasi-judicial proceedings
- Public contract (*when contract allowed under statutory exception*)

# CRIMINAL LAWS



# Public Funds

- Embezzlement of public property or funds (*Class C felony if \$100,000 or more; Class F if under \$100,000 felony*)
- Embezzlement of taxes (*same as above*)
- Interfering with independent annual audit (*Class 1 misd.*)
- Failure to perform duties under Local Government Budget and Fiscal Control Act (*Class 1 misd.*)
- Payment in violation of preaudit requirement (*personal liability*)
- Failure to file report of fines/penalties to schools (*Class 1 misd.*)

# Public Contracting

- Restraint of trade / bid-rigging (*Class H felony*)
- Self-benefiting under a public contract (*Class 1 misd.*)
- Gifts & favors from vendors and contractors (*Class 1 misd.*)
- Private use of State's purchasing system (*Class 1 misd.*)
- Opening sealed bid prior to bid opening (*Class 1 misd.*)
- Failing to obtain performance and payment bonds (*Class 1 misd.*)

# Abuse of Public Office

- Bribery (*Class F felony*)
- Extortion (*Class F felony*)
- Buying and Selling Offices (*Class I felony*)
- Misuse of Confidential Information (*Class 1 misd.*)
- Failure to Discharge Duties (*Class 1 misd.*)
- Obstruction of Justice (*Class 2 misd.*)
- Swearing Falsely to Reports (*Class 1 misd.*)
- Private use of public vehicles (*Class 1 misd.*)
- Payment by subordinates for employment (*removal from office*)

# Public Records

- Personnel records privacy (*Class 3 misd.*)
- Confidential tax information (*Class 3 misd.*)
- Destruction of public records (*Class 3 misd.*)
- Disposition of records at end of term (*Class 1 misd.*)
- Confidential DSS records (*Class 1 misd.*)



# Specific Public Officials

- Local Boards of Elections
- Inspection department employees
- Jailers
- Register of Deeds
- Tax Collector
- Environmental Health Inspectors
- Public cemetery operations

# Thank You!



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